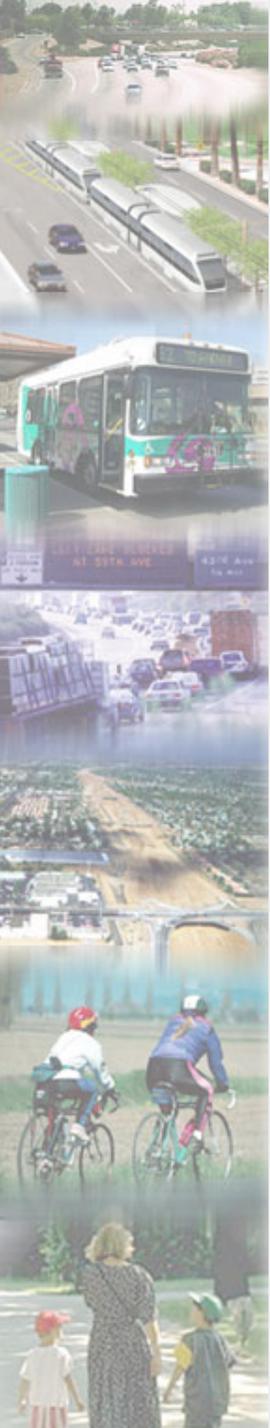


MAG Highway Acceleration Policy

MAG Management
Committee

September 12, 2007

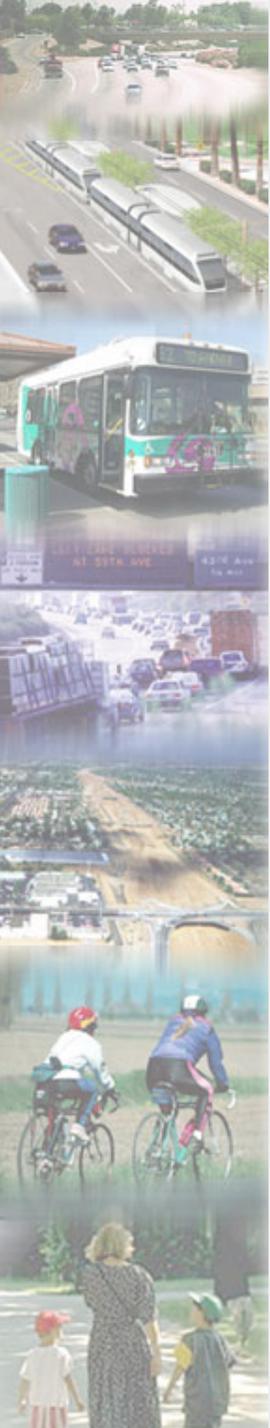


Overview of Policy

- Outlines process for jurisdictions to accelerate projects.
- Ensures local financing provided in a fiscally prudent manner.
- Ensures that other projects are not affected.
- Sharing of interest costs recognizes the benefit to both the local jurisdiction and the region.

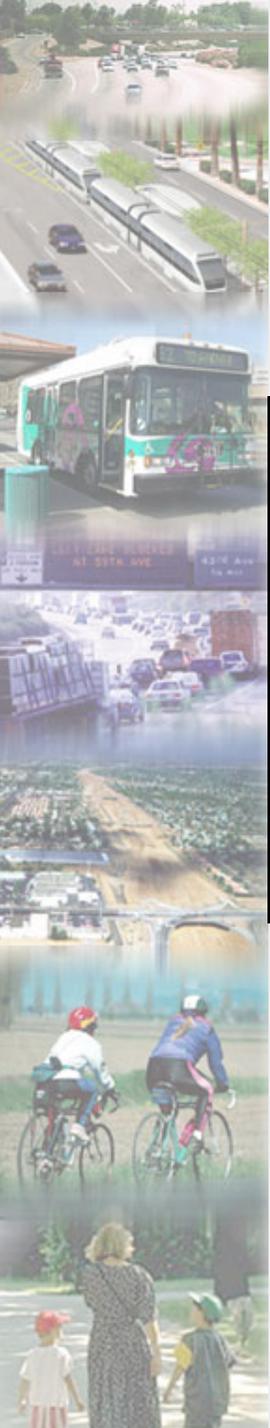
Background of Policy

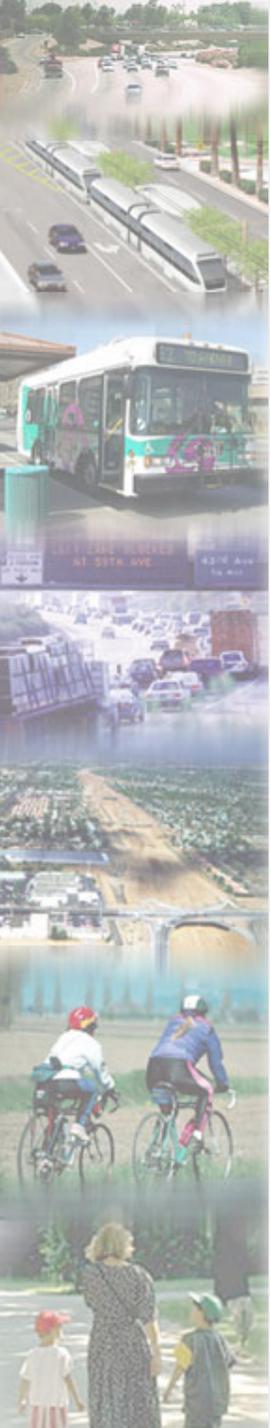
- Reimbursement guidelines established in February 1995.
 - Local jurisdiction pays 100% of interest.
- Revised guidelines adopted in May 1997.
 - Provides for interest sharing between ADOT Program and local jurisdictions.
- Guidelines revised again in March 2000.
 - Added language to cover “non-Proposition 300 highway projects.”
 - Non-Prop 300 projects not eligible for interest sharing:
 - Not part of life cycle program.
 - Inflation not included in statewide program.
- Proposition 400.
 - All freeway and highway projects included in life cycle program.



Projects Accelerated

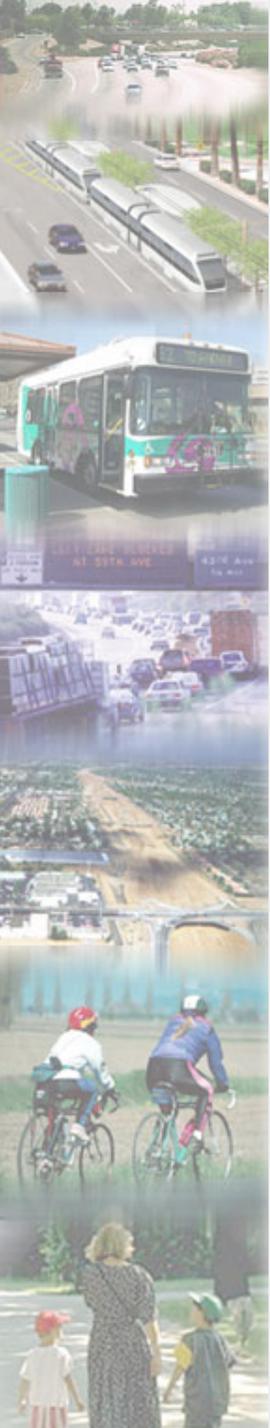
Jurisdiction	Corridor	Section	Approximate Advancement	Funding (millions)	Source
Phoenix	SR51	Union Hills to L101	18 months	\$ 22.5	HELP
Phoenix	Santan	I-10/Pecos Road TI	34 months	\$ 65.0	GAN
Phoenix	I-17	Dixeleta TI	5 years	\$ 11.9	HELP
Chandler	Price	Warner to Frye	12 months	\$ 26.0	HELP
Mesa	Red Mtn	Country Club to Gilbert	18 months	\$ 24.0	HELP
Mesa	Red Mtn	Gilbert to Higley	17 months	\$ 80.0	GAN & HPAN
Mesa	US60	L101 to Val Vista	5 years	\$ 10.9	GAN
Phoenix	I-17	Dove Valley TI	10 + years		Local
Avondale, Goodyear, Litchfield Park	I-10	L101 to Sarival	3 -5 years	\$ 125.0	GAN





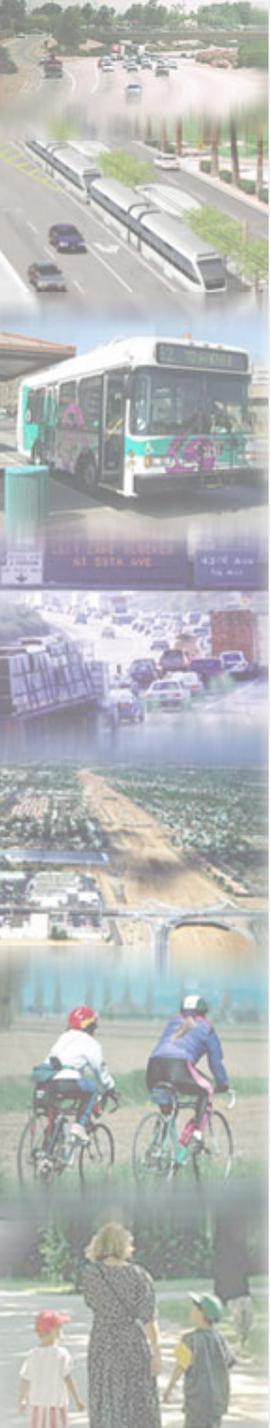
Elements of MAG Acceleration Policy

1. Project must be in Plan.
2. ADOT responsible for project.
3. Enhancements not eligible for reimbursement.
4. Agreement of other jurisdictions if project cross boundaries.
5. Coordinate with adjacent jurisdictions and avoid adverse traffic impacts.
6. Maintain any previous commitments of local funds.
7. Repayment of project costs and interest will follow life cycle program schedule.



Elements of MAG Acceleration Policy

8. Calculation of interest reimbursement.
9. Payment schedule adjusted as other projects in the program.
10. No adverse impacts on other projects in the program.
11. ADOT will notify MAG of any requests to accelerate a project.
12. Non-recoverable costs are paid by jurisdiction if accelerated project does not move forward.

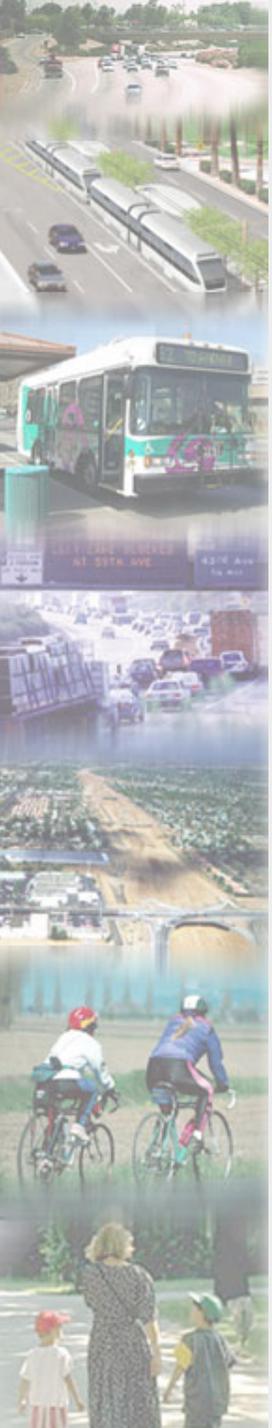


Sharing of Interest Expense

- Interest expense shared between the ADOT Program and local jurisdiction.
- Interest sharing based on expected inflation savings.
- Local share of interest expense reduced by $\frac{1}{2}$ of the inflation rate.

Example of Interest Sharing

- Interest Rate = 5.0 %
- ADOT Inflation Rate = 6.0 %
- Local Share of Interest =
 - $\frac{1}{2}$ of ADOT inflation = 3.0 %
 - City Share of Interest:
= 5.0 % - 3.0 %
= 2.0 %



Issues

- Application to all highway and freeway projects?
- Form of local commitment for MAG to consider acceleration request?
- Sharing of interest expense?
 - Fixed percentage rather than tied to ADOT projected inflation rate.
 - Minimum local share of interest.
- Use of regional financing capacity v. local financing?
 - Grant Anticipation Note capacity.
 - Financing provided by local government.

